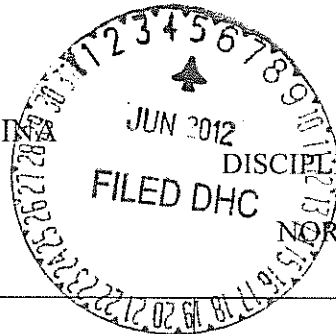


STATE OF NORTH CAROLINA

WAKE COUNTY



BEFORE THE  
DISCIPLINARY HEARING COMMISSION  
OF THE  
NORTH CAROLINA STATE BAR  
12 DHC 24

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

HUGH WOLFE JOHNSTON, Attorney,

Defendant

COMPLAINT

Plaintiff, complaining of Defendant, alleges and says:

1. Plaintiff, the North Carolina State Bar ("Plaintiff" or "State Bar"), is a body duly organized under the laws of North Carolina and is the proper party to bring this proceeding under the authority granted it in Chapter 84 of the General Statutes of North Carolina, and the rules and regulations of the North Carolina State Bar promulgated thereunder.

2. Defendant, Hugh Wolfe Johnston ("Defendant" or "Johnston"), was admitted to the North Carolina State Bar on 7 September 1954 and is, and was at all times referred to herein, an attorney at law licensed to practice in North Carolina, subject to the rules, regulations and Rules of Professional Conduct of the North Carolina State Bar and the laws of the State of North Carolina.

3. During the times relevant herein, Johnston actively engaged in the practice of law in the State of North Carolina and maintained a law office in Gastonia, Gaston County, North Carolina.

4. In April 2010, Johnston filed a complaint in the United States District Court, Western District of North Carolina on behalf of approximately 164 plaintiffs against various defendants including, but not limited to, the New York Federal Reserve Bank, JP Morgan Chase Bank, Citibank, Wells Fargo, Timothy Geithner, Ben Bernanke, and Alan Greenspan (case no. 3:10-CV-200, hereinafter "the Federal Reserve Case").

5. Johnston alleged in the Federal Reserve Case the following, among other allegations:

- a. "[T]he financial and banking system imposed on [the listed plaintiffs] by the Federal Reserve Banking system is a violation of their Constitutional and Human Rights."

- b. "That the banking system practiced by the New York Federal Reserve Bank, owned and controlled by the Defendant Wall Street Banks, is the most sinful and evil PONZI scheme man is capable of devising." (capitalization in original)
- c. The New York Federal Reserve Bank, Citibank, and Chase Bank "have intentionally used control of America's money to serve their own greedy, evil and sinful purposes by: . . . [c]ausing horrendous wars by financing both sides of the combatants in World War I, World War II, the Korean War, the Vietnam War and the wars in the Middle East, continuing to this date, in which millions of innocent people were killed."
- d. The defendants "support the movement of evil groups to own and rule the world[.]"
- e. "To permit the Defendant Banks, through their management, and their associates to use the wealth and military power of America to achieve a *New World Order* in which the banks control the political, economical and military forces would be a violation of all people in the world's HUMAN RIGHTS." (emphasis and capitalization in original)

6. Johnston also demanded relief in the Federal Reserve Case in the form of declaring the Federal Reserve Act unconstitutional, scheduling a constitutional convention, awarding "billions of dollars of damages" to shareholders of Washington Mutual and Wachovia Banks, and recovery of attorney's fees.

7. In May 2010, United States District Judge Graham C. Mullen dismissed Johnston's complaint in the Federal Reserve Case *sua sponte* pursuant to Federal Rule of Civil Procedure 12(b)(6) for failing "to recite facts sufficient to establish a claim upon which relief can be based."

8. In June 2010, Johnston filed a motion to vacate Judge Mullen's order dismissing Johnston's complaint in the Federal Reserve Case and to recuse Judge Mullen from further proceedings in the Federal Reserve Case.

9. Judge Mullen denied Johnston's motion to vacate and Johnston's motion to recuse on the basis that "Plaintiffs have put forth no basis in fact or law to support either motion . . . ."

10. In February 2011, Respondent filed a complaint in Lincoln County Superior Court against Judge Mullen (case no. 11 CVS 00207, subsequently removed to the United States District Court for the Western District of North Carolina and assigned case no. 5:11-CV-00036, hereinafter "the Mullen Case").

11. Johnston alleged in the Mullen Case, among other things, that Judge Mullen committed perjury by dismissing Johnston's complaint in the Federal Reserve Case and that Judge Mullen's dismissal of the case was unconstitutional.

12. In March 2011, Judge Mullen moved to dismiss Johnston's complaint in the Mullen Case on the grounds that he was entitled to absolute judicial immunity.

13. Johnston filed a response to Judge Mullen's motion to dismiss claiming the action brought against Judge Mullen was not brought against him in his capacity as a Federal District Judge, but instead "as an attorney in North Carolina who took an Oath to maintain, support and defend the Constitution of N.C., not inconsistent with the Constitution of the United States."

14. In July 2011, the court dismissed Johnston's complaint in the Mullen Case on the grounds that Judge Mullen was entitled to judicial immunity.

15. In February 2011, Respondent filed a separate complaint in Lincoln County Superior Court against defendants Wells Fargo, Robinson, Bradshaw & Hinson, P.A., and two North Carolina attorneys (Louis Bledsoe and Adam Doer) on behalf of approximately thirty-six plaintiffs (case no. 11 CVS 00208, hereinafter "the Lincoln County Case").

16. Johnston alleged in the Lincoln County Case, among other things, that the defendants "willfully and wantonly violated their Oath and duties owed to the State of North Carolina and the Plaintiffs" by "defend[ing Wells Fargo's] right to have a monopoly in the creation of money used in its operation of making loans" and by "support[ing] the Court in denying North Carolina Citizens [sic] Constitutional right to a trial by jury instead of advising the court of the Plaintiff's right to a trial by jury in its brief."

17. On 14 March 2011, the defendants in the Lincoln County Case moved to dismiss Johnston's complaint pursuant to North Carolina Rule of Civil Procedure 12(b)(6) and moved for the imposition of sanctions against Johnston and the plaintiffs listed in Johnston's complaint.

18. On 17 March 2011, Johnston filed a motion for summary judgment in the Lincoln County Case contending Rule 12(b)(6) of the North Carolina Rules of Civil Procedure was unconstitutional and moved for the imposition of sanctions against the defendants and their counsel of record based upon the defendants' filing their 14 March 2011 motion for sanctions.

19. On 28 March 2011, Judge Richard D. Boner, presiding in the Lincoln County Case, held a hearing on the defendant's pending motion to dismiss and motion for sanctions as well as Johnston's motion for summary judgment and motion for sanctions.

20. At the 28 March 2011 hearing, Johnston moved to recuse Judge Boner from further participating in the Lincoln County Case on the basis that the electoral system for selecting judges created a conflict of interest between Judge Boner and the plaintiffs in the Lincoln County Case. In support of this argument, Johnston asserted that he had never witnessed a Mecklenburg County Judge rule against a Mecklenburg County defendant or lawyer.

21. Judge Boner denied Johnston's motion to recuse.

22. After the 28 March 2011 hearing and by two written orders dated 19 April 2011, Judge Boner denied Johnston's motion for summary judgment and motion for sanctions, granted the defendants' motion to dismiss pursuant to North Carolina Rule of Civil Procedure 12(b)(6), and granted the defendants' motion for sanctions by imposing sanctions in the amount of \$15,000.00 against Johnston and all plaintiffs, jointly and severally, based on the frivolous and implausible nature of Johnston's complaint.

23. Johnston appealed the dismissals of the Federal Reserve Case and the Lincoln County Case on behalf of the plaintiffs listed in the respective actions. Johnston also appealed the dismissal of the Mullen Case.

24. The respective appellate courts affirmed the dismissals of Johnston's complaints in the Federal Reserve Case, the Mullen Case, and the Lincoln County Case.

25. Johnston solicited the participation of some of the plaintiffs listed in the Federal Reserve Case and the Lincoln County Case by sending direct mail solicitations to the shareholders of Washington Mutual, Inc.

26. Johnston's direct mail solicitation failed to include the statement "THIS IS AN ADVERTISEMENT FOR LEGAL SERVICES" anywhere on the solicitation letter.

27. Johnston also obtained the names and contact information of some of the plaintiffs listed in the Federal Reserve Case and the Lincoln County Case by having the plaintiffs sign and provide their contact information on a petition presented to them by one of Johnston's nonlawyer associates at Johnston's direction.

28. Johnston's nonlawyer associates did not explain to all plaintiffs who signed the petition the nature of the petition or what the plaintiffs were agreeing to by signing the petition.

29. Johnston contends all individuals listed as plaintiffs in the Federal Reserve Case and the Lincoln County Case were his clients.

30. At least nine of the plaintiffs listed in Johnston's complaints in the Federal Reserve Case and the Lincoln County Case did not consent to being listed as plaintiffs in Johnston's complaints, did not consent to appealing the respective dismissals in the Federal Reserve Case and the Lincoln County Case, and were unaware they were listed as plaintiffs in Johnston's complaints and appellate actions.

31. Throughout the representation, Johnston failed to maintain adequate communication with all plaintiffs in the Federal Reserve Case and the Lincoln County Case. Specifically:

- a. Johnston failed to explain to all plaintiffs what the complaint was about or what relief was sought;

- b. Johnston failed to explain to all plaintiffs that he intended to file a complaint and/or that he intended to appeal the dismissals of the Federal Reserve Case and the Lincoln County Case on their behalves;
- c. Johnston failed to update all plaintiffs in the Federal Reserve Case and the Lincoln County Case on the status of the two cases, including when the complaints and appeals were filed or when the complaints and appeals were dismissed; and
- d. Johnston failed to inform all plaintiffs in the Lincoln County Case when the court imposed sanctions on Johnston and the plaintiffs.

32. Throughout the representation, Johnston relied in part on his nonlawyer associates to provide all plaintiffs listed in the Federal Reserve Case and the Lincoln County Case with updates on the status of the two cases.

33. Johnston's nonlawyer associates failed to provide all plaintiffs with updates on the status of the two cases.

34. Johnston filed these various lawsuits for the improper purpose of gathering evidence of government officials allegedly violating their oaths of office and public duties for use in later potential criminal prosecution of such government officials.

35. Johnston's complaints and appellate filings in the Federal Reserve Case, the Mullen Case, and the Lincoln County Case were frivolous in that they were not based in fact or in law and did not include a good faith argument for an extension, modification, or reversal of existing law. Instead, Johnston's complaints and appellate filings were based on outlandish and unsupported accusations and conspiracies, and sought fanciful and unattainable relief.

36. On or about 2 August 2011, the State Bar sent a Letter of Notice to Johnston in grievance file no. 11G0411 regarding his actions in filing the above-referenced complaints.

37. After Johnston responded to the State Bar's Letter of Notice in grievance file no. 11G0411 concerning the above allegations, the State Bar requested further information and documentation Johnston claimed to possess in support of his response.

38. Johnston failed to provide the requested information and documentation.

THEREFORE, the State Bar alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C. Gen. Stat. §§ 84-28(b)(2) & (b)(3) in that he violated one or more of the Rules of Professional Conduct in effect at the time of the actions as follows:

- (a) By filing complaints, motions, and appellate actions that had no basis in law or fact and did not include a good faith argument for an extension, modification, or reversal of existing law, Johnston filed frivolous claims

with the court in violation of Rule 3.1 and engaged in conduct prejudicial to the administration of justice in violation of Rule 8.4(d);

- (b) By listing individuals as plaintiffs in the Federal Reserve Case and the Lincoln County Case who did not consent to being named as plaintiffs in either case, Johnston made false statements of material fact to a tribunal in violation of Rule 3.3(a)(1), knowingly made false statements of material fact to a third person in violation of Rule 4.1, engaged in conduct involving dishonesty, deceit, or misrepresentation in violation of Rule 8.4(c), and engaged in conduct prejudicial to the administration of justice in violation of Rule 8.4(d);
- (c) By appealing the dismissals of the Federal Reserve Case and the Lincoln County Case on behalf of individuals who did not consent to the appeals, Johnston made false statements of material fact to a tribunal in violation of Rule 3.3(a)(1), knowingly made false statements of material fact to a third person in violation of Rule 4.1, engaged in conduct involving dishonesty, deceit, or misrepresentation in violation of Rule 8.4(c), and engaged in conduct prejudicial to the administration of justice in violation of Rule 8.4(d);
- (d) By filing complaints and appellate actions in the Federal Reserve Case and the Lincoln County Case on behalf of individuals – who Johnston contends were his clients – without their consent, Johnston took unauthorized action on behalf of his clients and failed to consult with his clients as to the means by which his clients’ interests were to be pursued in violation of Rule 1.2(a);
- (e) By failing to adequately communicate with all plaintiffs in the Federal Reserve Case and the Lincoln County Case – who Johnston contends were his clients – Johnston failed to promptly inform his clients of any decision or circumstance with respect to which the clients’ informed consent is required in violation of Rule 1.4(a)(1), failed to reasonably consult with his clients about the means by which the clients’ objectives were to be accomplished in violation of Rule 1.4(a)(2), failed to keep his clients reasonably informed about the status of the matter(s) in violation of Rule 1.4(a)(3), and failed to explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation in violation of Rule 1.4(b);
- (f) By relying on his nonlawyer associates to communicate with the plaintiffs in the Federal Reserve Case and the Lincoln County Case without ensuring the plaintiffs were actually receiving sufficient information about the cases, Johnston failed to make reasonable efforts to ensure his nonlawyer associates’ conduct was compatible with the professional obligations of the lawyer in violation of Rule 5.3(b) and

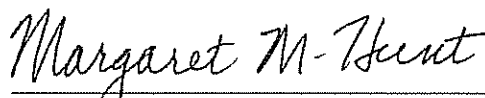
ordered or ratified his nonlawyer associates' conduct in violation of Rule 5.3(c);

- (g) By directly soliciting individuals' participation in his anticipated legal action through letters that did not contain the statement "THIS IS AN ADVERTISEMENT FOR LEGAL SERVICES" at the beginning of the body of the letter, Johnston engaged in direct solicitation of clients using improper targeted, written communications in violation of Rule 7.3(c)(1); and
- (h) By failing to provide the documentation requested by the State Bar during the grievance process, Johnston failed to respond to a lawful demand for information from a disciplinary authority in violation of Rule 8.1(b).

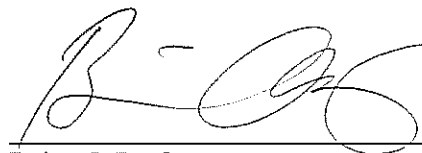
WHEREFORE, Plaintiff prays that:

- (1) Disciplinary action be taken against Defendant in accordance with N.C. Gen. Stat. § 84-28(a) and § .0114 of the Discipline and Disability Rules of the North Carolina State Bar (27 N.C. Admin. Code 1B § .0114), as the evidence on hearing may warrant;
- (2) Defendant be taxed with the administrative fees and costs permitted by law in connection with this proceeding; and
- (3) For such other and further relief as is appropriate.

This the 5th day of June, 2012.



Margaret M. Hunt, Chair  
Grievance Committee



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